

**ADMINISTRATIVE SERVICES BRANCH  
ASSISTANT EXECUTIVE OFFICER REPORT**

**(Attachment – Item #15)**

SUBJECT	DATE OF ASSIGNMENT	STATUS
Independent Review of the Contract Process	Ongoing	<ul style="list-style-type: none"> <li>• The inter-divisional Implementation Team has substantively completed the short-term process and organizational changes approved by the Project Steering Committee for implementation by 6/30/2006.</li> <li>• The Team continues to study longer-term policy issues.</li> <li>• Work on the longer-term changes and technology requirements has begun and is expected to be completed in October 2006.</li> </ul>
Emergency Response Plan	Ongoing	<ul style="list-style-type: none"> <li>• Pursuant to Executive Order S-04-06, OSSD is working on the Continuity of Operations/Continuity of Government Plan (COOP/COG) to submit to Agency in September 2006 for review and certification. The plans will then be provided to the Governor's Cabinet Office and the Office of Emergency Services. The plans will ensure the continuity of government and the provision of essential services to the public during and after a catastrophic event.</li> <li>• A team of representatives from each branch is continuing to work on action items identified from the pandemic training session and tabletop exercise conducted in June 2006. These will be incorporated into CalPERS' recovery plans by October 1, 2006.</li> </ul>
Accounting Action Plan	Ongoing	<ul style="list-style-type: none"> <li>• The teams continue to meet bi-weekly with the Steering Committee to present high-level progress on each of the respective areas of review. The teams inform the Steering Committee of any issues and/or concerns that may be hindering progress towards eliminating the management letter issues.</li> <li>• To date, the teams working on the management letter issues have resolved six of the seven FCSD items. Deloitte will validate FCSD processes and procedures implemented to clear these items in September. The outstanding item is the Real Estate Contribution and Distribution Control Accounts, which we anticipate completing by 9/30/2006.</li> <li>• Deloitte and Touche will be completing their FCSD internal control review by mid-September and anticipates issuing their recommendations in October.</li> </ul>

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CalPERS' Preparation for  
A Pandemic

CalPERS' fiduciary responsibilities and sound business practices require that we continuously identify and mitigate risks that affect our ability to serve our members. For several years, CalPERS has maintained a comprehensive disaster recovery program that ensures that the three critical business functions of paying our members, paying health premiums, and investing funds can continue, even if we lose our facilities. This program is tested and updated at least annually.

In past years, we have role-played scenarios of toxic spills, floods, and terrorist bombings. Most recently, in June of this year, our scenario assessed our preparedness to continue to function if we were to suffer a significant loss of staff because of an epidemic. The intent of this exercise was to identify any areas where improvements could be made to our response plans. Overall, CalPERS did very well in the exercise, and the opportunities for improvement are being addressed.

The international community is beginning to fear the threat of a pandemic, or an epidemic of global proportions. Through an Executive Order, the Governor has required that each state department have a plan in place to continue to provide essential services with up to a 75 percent loss of staff. This requirement has now been superseded by the Office of Emergency Services' (OES) requirement that each department have a Continuity of Operations/Continuity of Government (COOP/COG) plan, which includes a pandemic scenario. This plan is due to the Governor's Office the end of September.

CalPERS' Business Continuity Plan, which has been in place since 1998, meets all of the Governor's and OES' requirements.

The specific actions CalPERS has taken to prepare for a pandemic include:

- Held several planning sessions with the technology and business divisions to identify risks and mitigation strategies.
- Developed a business continuity plan specific to a pandemic threat.
- Updated all Business Continuity Plans (BCP) to include a pandemic scenario and are continuing to revise these plans as new issues arise and are mitigated.
- Conducted a test of the BCPs to identify opportunities for improvement.
- Participated in inter-agency planning sessions addressing the pandemic.
- Shared information and identified issues with other state departments.
- Attended a conference and several pandemic-planning seminars hosted by pandemic planning experts.

By the end of October, we will develop a communication plan to inform our staff about pandemic planning and flu prevention.